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 California Corporations Commissioner
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BEFORE THE DEPARTMENT OF CORPORATIONS
 OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of
 THE CALIFORNIA CORPORATIONS
 COMMISSIONER,

Complainant,

v.

JAMES W. DARDEN III (INTEGRITY
 FINANCIAL MANAGEMENT, DBA), and
 JAMES W. DARDEN III, as an individual,

Respondents.

FILE NO. 927-6689

STATEMENT OF ISSUES IN SUPPORT OF
 NOTICE OF INTENTION TO ISSUE
 ORDERS:

1. REVOKING INVESTMENT ADVISER
 CERTIFICATE OF JAMES W.
 DARDEN III PURSUANT TO
 CORPORATIONS CODE SECTIONS
 25232 AND 25256
2. BARRING JAMES W. DARDEN III
 FROM ANY POSITION OF
 EMPLOYMENT, MANAGEMENT OR
 CONTROL OF ANY INVESTMENT
 ADVISER, BROKER-DEALER OR
 COMMODITY ADVISER PURSUANT
 TO CORPORATIONS CODE SECTION
 25232.1 AND 25256

Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the
 Department of Corporations ("Department") alleges and charges as follows:

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1 **I. JURISDICTION AND VENUE**

2 1. This action is brought in order to revoke a certificate of investment adviser previously
3 issued to Respondent James W. Darden III dba Integrity Financial Management (“James Darden”)
4 pursuant to Corporations Code sections 25232 and 25256 and to bar Respondent James Darden from
5 any position of employment, management or control of any investment adviser, broker-dealer or
6 commodity adviser pursuant to Corporations Code sections 25232.1 and 25256.

7 2. The Commissioner is authorized to administer and enforce the provisions of the
8 Corporate Securities Law of 1968, Corporations Code section 25000 et seq., and the regulations
9 thereunder at California Code of Regulations, title 10, section 260.000 et seq.

10 **II. STATEMENT OF FACTS**

11 3. James Darden is a sole proprietor with a dba of Integrity Financial Management. His
12 principal place of business is 570 Moody Road, Lincoln, Vermont 05443, and he resides in
13 California. Since April 29, 1999 James Darden has been certified with the California Department of
14 Corporations as an Investment Adviser. He has represented to the Department that he provides
15 discretionary supervisory or management services for 44 securities portfolios or accounts amounting
16 to a total of \$8,000,000.

17 4. On May 16, 2007 the State of Vermont Department of Banking, Insurance, Securities and
18 Health Care Administration, Securities Division, issued an Order summarily revoking the investment
19 adviser registration of James Darden in that state for violations of Vermont law relating to registered
20 investment advisers. The revocation Order followed an examination by the Vermont Securities
21 Division of the business records of James Darden on May 3 and 4, 2007, and according to the
22 Order’s factual findings, the Order was based on James Darden’s failure to keep required books and
23 records, failure to maintain a required net worth of \$10,000, and failure to report a Chapter 7
24 bankruptcy proceeding filed by James Darden on October 16, 2005; each of these activities are
25 substantially related to activities regulated under Division 1 of the California Corporate Securities
26 Law. James Darden did not contest Vermont’s summary Order, and instead signed a Consent to the
27 Entry of Order on June 4, 2007.
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1 5. On October 16, 2005, James Darden filed for Chapter 7 bankruptcy protection in the
2 United States Bankruptcy Court, District of Vermont, Petition No. 05-12420. The Bankruptcy Court
3 discharged James Darden's debts on February 14, 2006 and terminated the bankruptcy proceeding
4 by final decree on October 16, 2006.

5 **III. THE INVESTMENT ADVISER CERTIFICATE OF JAMES DARDEN SHOULD BE**
6 **REVOKED PURSUANT TO CORPORATIONS CODE SECTION 25232(d)(1).**

7 6. Corporations Code section 25232 provides, in pertinent part:

8 "The commissioner may, after appropriate notice and opportunity for hearing, by order
9 censure, deny a certificate to, or suspend for a period not exceeding 12 months or
10 revoke the certificate of, an investment adviser, if the commissioner finds that the
11 censure, denial, suspension, or revocation is in the public interest and that the
12 investment adviser, whether prior or subsequent to becoming such, or any partner,
13 officer or director thereof or any person performing similar functions or any person
14 directly or indirectly controlling the investment adviser, whether prior or subsequent to
15 becoming such, or any employee of the investment adviser while so employed has done
16 any of the following:...

17 (d) Is or has been subject to (1) any order of the Securities and Exchange Commission
18 or the securities administrator of any other state denying or revoking or suspending his
19 or her registration as an investment adviser, or investment adviser representative...."

20 **IV. RESPONDENT JAMES DARDEN SHOULD BE BARRED FROM ANY POSITION**
21 **OF EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT**
22 **ADVISER, BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO**
23 **CORPORATIONS CODE SECTION 25232.1 FOR ACTS COMMITTED AS**
24 **SPECIFIED UNDER CORPORATIONS CODE SECTION 25232(d).**

25 7. Corporations Code Section 25232.1 provides, in pertinent part:

26 "The commissioner may, after appropriate notice and opportunity for hearing, by order
27 censure, or suspend for a period not exceeding 12 months, or bar from any position of
28 employment, management or control of any investment adviser, broker-dealer or
commodity adviser, any officer, director, partner, employee of, or person performing
similar functions for, an investment adviser, or any other person, if he or she finds that
the censure, suspension or bar is in the public interest and that the person...is subject to
any order specified in subdivision (d) of Section 25232."

29 **V. THE INVESTMENT ADVISER CERTIFICATE OF JAMES DARDEN SHOULD BE**
30 **REVOKED AND JAMES DARDEN SHOULD BE BARRED FROM ANY POSITION OF**
31 **EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT**
32 **ADVISER, BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO**
33 **CORPORATIONS CODE SECTION 25256.**

1 8. Corporations Code Section 25256 provides in pertinent part as follows:

2 “(a) For any broker-dealer or investment adviser, a disciplinary action taken by the
3 State of California, another state, an agency of the federal government, or another
4 country for an action substantially related to the activity regulated under this division
 may be grounds for disciplinary action by the commissioner....”

5 **VI. CONCLUSION**

6 Based upon the foregoing, the Commissioner finds that grounds exist and that it is in the
7 public interest to revoke the investment adviser certificate of James Darden pursuant to Corporations
8 Code sections 25232(d) and 25256, and to bar James Darden from any position of employment,
9 management or control of any investment adviser, broker-dealer or commodity adviser pursuant to
10 Corporations Code sections 25232.1 and 25256. The Commissioner hereby notifies James Darden
11 of its intention to make such Orders final.

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13 Dated: September 24, 2007

 PRESTON DuFAUCHARD
 California Corporations Commissioner

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16 By: _____
 EDWARD KELLY SHINNICK
17 Corporations Counsel
 Enforcement Division
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